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ABSTRACT

Module 6 of a 17-module self-instructional course on student financial aid administration (for novice aid administrators and other personnel) presents a systematic introduction to the management of federal financial aid programs authorized by Title IV of the Higher Education Act with an emphasis on general student eligibility. Identifying the timing and frequency for determining eligibility, recognizing the documents used to establish or confirm eligibility, and recognizing student default loan status and its effect on Title IV eligibilty are covered. A pre-test, post-test, glossary, and acronyms are provided. Three sections discuss: (1) general student eligibility requirements (enrolled or accepted for enrollment, regular student, ability to benefit, enrollment status, eligible program, citizenship, member of a religious community, statement of educational purpose, and selective service registration) (2) eligibility of continuing and transfer students (loan default, grant repayment owed, satisfactory academic progress, and financial aid transcripts); and (3) review, confirmation, and monitoring of general student eligibility (initial review and confirmation of student eligibility, review prior to awarding financial aid, and ongoing monitoring of student eligibility). Three appendices are as follows: satisfactory academic progress--federal law and guidelines; noncredit and reduced credit remedial coursework; and ability to benefit. Contains two references. (SM)

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A Self-Instructional Course in Student Financial Aid Administration

An Introduction and Guide to the Administration of Federal Title IV Student Financial Aid Programs

ED307828

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HE 023186

A Self-Instructional Course in Student Financial Aid Administration

United States Department of Education
Office of Student Financial Assistance

General Student Eligibility

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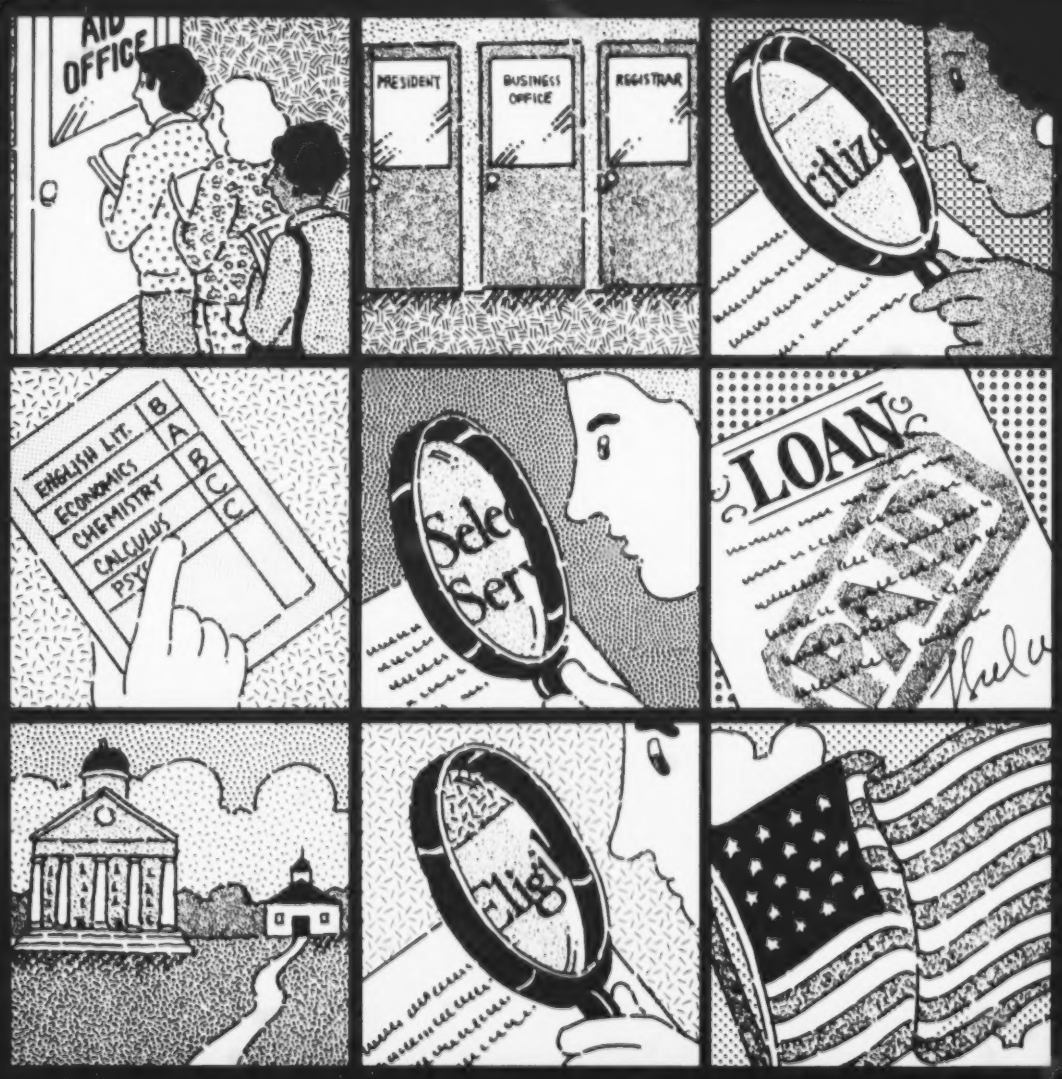

A
Self-Instructional
Course
in Student
Financial Aid
Administration

United States
Department of
Education
Office of
Student Financial
Assistance

This publication is one component of *A Self-Instructional Course in Student Financial Aid Administration*. This Second Edition of the course consists of the following modules:

1. Student Financial Aid Administration: Course Study Guide and Introduction to the Field
2. Federal Student Financial Aid: History and Current Sources
3. The Legislative and Regulatory Processes
4. Roles and Responsibilities of the Financial Aid Office
5. Title IV Institutional and Program Eligibility
6. General Student Eligibility
7. Calculating Cost of Attendance
8. Need Analysis
9. Award Packaging
10. The Pell Grant Program
11. The Stafford Loan, SLS, and PLUS Programs
12. Campus-Based Programs: SEOG, CWS, and Perkins Loan
13. Verification
14. Authorization, Fiscal Operations, and Reporting
15. Internal Aid Office Management and Institutional Quality Control
16. Forms and Publications
17. Evaluation of Student Aid Management: Self-Evaluation, Audit, and Program Review

The course includes a Support Booklet with the complete course glossary, acronyms, key resources, bibliography, and index, as well as addresses of publishers mentioned in the course. The Support Booklet also offers guidelines for further study.

UNITED STATES DEPARTMENT OF EDUCATION

WASHINGTON, D.C. 20202

October 1988

Dear Colleague:

We are pleased to present the Second Edition of A Self-Instructional Course in Student Financial Aid Administration. This updated version of the course originally published in 1986 incorporates provisions of the Higher Education Amendments of 1986, with 1987 Technical Amendments and subsequent amendments.

The purpose of the course remains the same. It is designed to provide neophyte financial aid administrators (those with two years or less experience in student aid) and other institutional personnel with a systematic introduction to management of federal financial aid programs authorized by Title IV of the Higher Education Act. Students of the course will gain a fundamental understanding of the roles and responsibilities of participating institutions and of student aid administrators. On completion of the course, they will be prepared to expand this knowledge with the use of training and reference materials, on-site training opportunities, and contacts with other members of the profession.

The materials were revised under a contract with the Washington Consulting Group. The text was reviewed for technical accuracy by many staff members of the Office of Student Financial Assistance (OSFA). Special acknowledgement is due to both project staff and OSFA specialists for accomplishing very wide-ranging modifications of the text during a period when much legislative and regulatory activity affecting student aid was in progress.

Your comments and suggestions regarding any aspect of the materials are welcome. OSFA is particularly interested in learning 1) the level of experience and job responsibilities of personnel at your institution using the modules; 2) the purposes for which they are being used (for example, self-study, training new staff, reference); and 3) whether you feel that this publication is among those that OSFA should continue to update and disseminate annually. You may send your comments to the Training Branch, OSFA/ED, 400 Maryland Avenue S.W., Washington, D.C. 20202.

Sincerely,

Dewey L. Newman
Deputy Assistant Secretary for
Student Financial Assistance

Daniel R. Lau
Director, Student Financial
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Enclosure

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MODULE 6

GENERAL STUDENT ELIGIBILITY

The technical information in this module is based on laws, regulations, policies, and procedures in effect as of:

August 20, 1988

This is one component of *A Self-Instructional Course in Student Financial Aid Administration*. This Second Edition of the course has been prepared by The Washington Consulting Group, Inc., under a contract with the U.S. Department of Education.

The course consists of 17 modules and a support booklet. It provides an introduction and guide to the administration of student financial aid programs authorized under Title IV of the Higher Education Act of 1965, as amended. The titles of the modules are listed on the inside front cover of this publication.

Institutions may freely reproduce the course for their own use. For more information on the course, contact one of the Department of Education offices listed on the inside back cover of this publication.

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MODULE 6

GENERAL STUDENT ELIGIBILITY

❑ LEARNING OBJECTIVES

After completing this module, you will know how to establish and monitor student eligibility to receive Title IV aid. You will be able to:

- ✧ describe the policies the institution must establish to determine student eligibility for Title IV programs;
- ✧ recognize eligibility issues affected by offices other than the financial aid office at the institution;
- ✧ identify the timing and frequency for determining eligibility;
- ✧ recognize the documents used to establish or confirm eligibility;
- ✧ describe special requirements for a transfer student's eligibility for Title IV funds;
- ✧ recognize student loan default status and its effect on Title IV eligibility; and
- ✧ identify Title IV grant repayment situations which affect student eligibility.

❑ INTRODUCTION

One of the major elements in the administration of student financial aid programs is the determination of student eligibility. An applicant must meet certain general eligibility requirements to participate in the Title IV programs. Individual aid programs have additional program-specific requirements. Eligibility determination is a three-phase process as it takes place in your office:

- ✧ *Phase I:* The initial review of applicants' data against general eligibility requirements, which includes establishment of a student's:
  - admission status (for new students)
  - citizenship status
  - enrollment status
  - previous attendance at other postsecondary institutions
  - prior degrees
  - financial aid history
  - academic record
- ✧ *Phase II:* A second stage of review in which financial need is determined based on educational costs, the family's calculated contribution toward those costs, and other financial resources the student may have. There is also a review of applicants against

program-specific eligibility requirements such as the restriction of Pell Grant and SEOG funds to students without prior B.A. or B.S. degrees.

- ✧ *Phase III:* An ongoing monitoring of aid recipients for continued eligibility which may include confirmation of enrollment status prior to award payments, determination of satisfactory academic progress if the financial aid office is responsible for such determinations, and changes in family financial circumstances.

You will quickly realize that significant amounts of staff time will be spent either in eligibility reviews or developing office procedures to assist in those reviews. Coordination with other administrative offices at your institution, as discussed in Module 4, will be an important factor in your ability to monitor these eligibility areas.

Evaluation of students' satisfactory academic progress and the collection of Financial Aid Transcripts are both activities performed as part of student eligibility determination. If satisfactory academic progress evaluations are handled by the registrar's or academic dean's office, the financial aid office still must crosscheck these determinations as part of the eligibility review process. These activities are also among the administrative requirements for participating institutions. By placing them in our discussion of general student eligibility, we hope to provide you with guidance in meeting these two regulatory administrative requirements.

PRE-TEST

1. The institution's general standard of satisfactory academic progress may differ from its standard for students receiving Title IV funds. True or False?

2. The student aid office files for financial aid recipients must contain the following documents: (circle all that apply)

   a. a Statement of Educational Purpose
   b. Financial Aid Transcript(s) for transfer students
   c. health records
   d. a Statement of Selective Service Registration Status (for males born on or after January 1, 1960)

3. Federal Title IV funds cannot be awarded to students enrolled less than half-time. True or False?

4. A student in default on a Perkins Loan for previous attendance at another institution may receive awards from other Title IV programs. True or False?

5. Members of religious communities or orders that direct the program of study or provide maintenance to their members are eligible only for certain Title IV program funds. List the programs.

6. An institution may disburse Pell Grant or campus-based program funds to a transfer student when the Financial Aid Transcript has been requested, but not yet received, from the previously attended institution. True or False?

7. Financial Aid Transcripts need not be requested for transfer students who did not receive Title IV financial aid at their previous institutions. True or False?

8. According to federal regulations, a Statement of Selective Service Registration Status is required from all students applying for Title IV funds. True or False?

9. If an institution and its programs are eligible and certified for Title IV participation, its students are automatically eligible. True or False?

10. Factors used in the *qualitative* measurement of satisfactory academic progress for Title IV purposes may include: (circle all that apply)

    a. completion of projects
    b. length of time to complete a specific program
    c. maintaining a minimum grade point average
    d. maintaining a minimum half-time enrollment status

11. Under federal regulations, if a student's grade point average (GPA) falls below 2.0 or its equivalent at the end of the second academic year, the student is ineligible for Title IV funds. True or False?

12. Once a student is awarded financial aid and classes begin, the aid office is not required to monitor the student's status. True or False?

13. Which of the following classifications of noncitizen applicants would be eligible for Title IV student financial aid? (circle all that apply)

    a. a student who became a permanent resident in the middle of the award year
    b. a student presenting your office with a Notice of Approval to Apply for Permanent Residence from INS
    c. a student admitted to the institution on an F-1 visa
    d. a permanent resident holding an Alien Registration Receipt card (Form I-551 or I-151)
    e. a student granted refugee status or political asylum in this country
    f. none of the above--students must be U.S. citizens to be eligible for Title IV aid

ANSWERS

1. True. (6.12)*

2. a. (6.8)
   b. (6.13)
   d. (6.9)

3. False. (6.4)

4. True. (6.10)

5. Stafford Loan, SLS, and PLUS. (6.7)

6. True. (6.13)

7. False. (6.13)

8. False. (6.9)

9. False. (6.5)

10. a. and c. (6.12, Appendix A)

11. False. (6.12)

12. False. (6.16)

13. a., d., and e. (6.6.1, 6.6.5)

*For quick access to information on this question, see this section.

Questions: 13 Your Score: Percentage:

GENERAL STUDENT ELIGIBILITY REQUIREMENTS

To be eligible for Title IV assistance, an applicant must meet certain general eligibility requirements. The applicant must, where applicable:

- ✧ be enrolled or accepted for enrollment
- ✧ be a regular student
- ✧ have a high school diploma or GED, or show ability to benefit
- ✧ meet enrollment status requirements
- ✧ be in an *eligible program*
- ✧ be a U.S. citizen or eligible noncitizen
- ✧ not be a member of a religious community that directs the program of study or provides maintenance
- ✧ sign a Statement of Educational Purpose
- ✧ be registered with the Selective Service system and must sign a Statement of Registration Status
- ✧ not be in default on a Title IV student loan borrowed for attendance at any institution
- ✧ not have borrowed in excess of Title IV loan limits
- ✧ not owe a repayment on a Title IV grant or scholarship received for attendance at any institution
- ✧ maintain satisfactory academic progress
- ✧ request that a Financial Aid Transcript (FAT) be forwarded to your office from all eligible postsecondary institutions the student previously attended
- ✧ not be enrolled concurrently in an elementary or secondary school

The following sections describe each of these requirements in more detail.

This module presents an *overview* of general student eligibility requirements. For further details of the application of each of the requirements in specific programs, consult:

- Chapter 2 of the *Federal Student Financial Aid Handbook*
- Title IV legislation
- General Provisions regulations
- regulations for the specific programs

A student must in most cases be enrolled or accepted for enrollment in a *degree or certificate program* to be eligible for any of the Title IV programs. This is a new requirement only for the Stafford Loan, SLS, and PLUS programs.

6.1 ENROLLED OR ACCEPTED FOR ENROLLMENT

As the financial aid administrator, you must determine that:

- a *new student* has been admitted to your institution; or
- a *continuing student* has enrolled or intends to re-enroll for the next period of attendance as shown by his or her completion of all registration requirements other than the payment of tuition and fees.

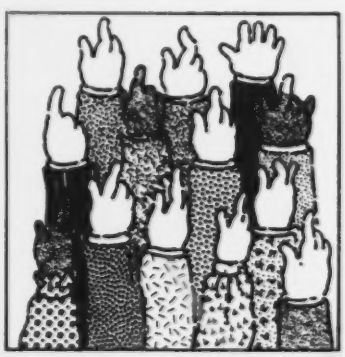
6.2 REGULAR STUDENT

A regular student is a student who is enrolled or accepted for enrollment:

- at an institution of higher education, a proprietary institution of higher education, a postsecondary vocational institution, or a vocational school
- for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that institution.

6.3 ABILITY TO BENEFIT

A regular student generally has a high school diploma or its recognized equivalent. Recognized equivalents may be a General Education Development Certificate (GED) or a similar form of state certification.



However, under some circumstances, students beyond the age of compulsory education who have the "ability to benefit" from the education or training programs offered at the institution may be admitted as regular students (see Module 5) and are eligible for Title IV funds.

To be eligible for Title IV grant, work, or loan funds, a student admitted to an institution as a regular student on the basis of *ability to benefit* must:

- ✧ be expecting to receive a GED; or
- ✧ pass an aptitude test; or
- ✧ enroll in an appropriate remedial or developmental program, as a result of:
  - failing an aptitude test, or
  - counseling received prior to admission.

Each of these *ability to benefit* options is explained in more detail in Appendix C.

6.4 ENROLLMENT STATUS

- ✧ Can you verify that the new or continuing student meets the required enrollment status through documents submitted to the admissions, registrar's, or financial aid offices?

Eligibility for the campus-based programs has now been extended to include less-than-half-time students. For more information, see Module 12.

Half-time status standards may be set by the institution, and must, except in the case of the Stafford Loan, SLS, and PLUS programs, meet the following minimum half-time standards:

Institutions with standard academic terms (semester, trimester, or quarter)	6 credit hours per term
Institutions using credit hours without standard academic terms	12 semester or trimester hours or 18 quarter hours per academic year
Institutions using clock hours	12 clock hours per week

For the program-specific Stafford Loan, SLS, and PLUS enrollment standards, see Module 11.

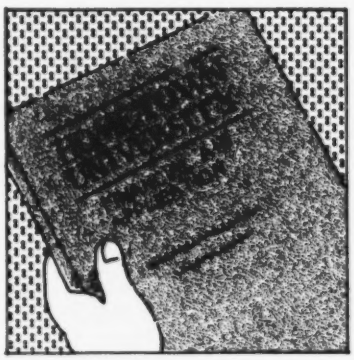
Some students may be taking noncredit or reduced credit coursework. For some types of remedial courses, reduced credit may be included in determining a student's enrollment status. Appendix B discusses the inclusion of remedial coursework in determining enrollment status.

6.5 ELIGIBLE PROGRAM

An eligible program is defined as one that can be identified as a separate program of study within an eligible institution and one which leads to a degree or certificate or other recognized educational credential. It must also meet the requirements for program eligibility as the Department of Education defines them for your particular type of institution (see Module 5).

If an institution is eligible, this does not necessarily mean that all of its programs are eligible.

Certain programs at your institution may not meet the program eligibility requirements for Title IV funds. New programs developed by your institution may be ineligible until they are approved by your accrediting agency, state licensing board (if applicable), and the Department of Education. In some cases, students may decide not to enroll in a degree program and may attend as nondegree students. The institution must screen for student ineligibility based on any of these factors.



6.6 CITIZENSHIP

Citizenship is another important element of student eligibility. Institutional financial aid applications generally collect information on a student's citizenship status. Similar data are collected by the admissions office.

6.6.1 Eligible Status

An eligible student can be a *U.S. citizen* or an *eligible noncitizen*.

The term *eligible noncitizen* includes a number of classes of individuals:

- ✧ American nationals who are natives of American Samoa or Swain's Island
- ✧ permanent residents of the Trust Territory of the Pacific Islands (Palau)
- ✧ U.S. permanent residents holding Alien Registration Receipt cards (Form I-551 or I-151)*

*In certain cases, other forms such as I-688 and I-551C are acceptable. See Chapter 2 of the *Federal Student Financial Aid Handbook*.

- ✧ students granted refugee status or political asylum
- ✧ others holding I-94's with other appropriate endorsements

6.6.2 Ineligible Status

Student aid eligibility for noncitizens is based on the determination that they are in this country for other than a temporary purpose. The following are a few examples of visa statuses that are ineligible for Title IV funds based on this requirement:

- ✧ F-1, F-2, M-1, and M-2 student visas
- ✧ J-1 or J-2 Exchange Visitors visas
- ✧ G-series visas representing international organizations

The office or person handling foreign student admissions maintains information on all students entering the institution under these temporary categories. The applicant data base or statistical reports should identify these students and allow you to crosscheck against your records. For a more detailed discussion of eligible and ineligible status, see Chapter 2 of the *Federal Student Financial Aid Handbook*.

6.6.3 Determining Citizenship Status

Your office is responsible for establishing and documenting the status of applicants identifying themselves as eligible noncitizens. The status of those changing from ineligible to eligible, or from eligible noncitizen to citizen, should also be documented. In some instances, even with a person who is applying as a U.S. citizen, you may have conflicting information that requires follow-up and checking. For a more detailed discussion of this topic, see Chapter 2 of the *Federal Student Financial Aid Handbook*.

6.6.4 Documents for U.S. Citizens

You are required to document the changed status of eligible noncitizens who become U.S. citizens. This also applies to students who identify themselves as U.S. citizens, but for whom you have conflicting information. The following may be used to document U.S. citizenship:

Citizen born in the U.S.	✧ Birth certificate ✧ Baptismal certificate ✧ Voter registration card ✧ Statement signed by a person other than a family member (e.g. priest, clergyman, doctor)
Citizen not born in the U.S.	✧ Certificate of Citizenship ✧ Certificate of Naturalization ✧ Form G-641

It is no longer illegal to photocopy Certificates of Citizenship and Naturalization. A student must present an original for your review. A copy of the certificate or a statement signed by you and the student containing information from the certificate and confirming the student's presentation of proof of citizenship should be kept in the student's file.

6.6.5 Documents for Eligible Noncitizens

A student who is an eligible noncitizen must have documentation from the U.S. Immigration and Naturalization Service (INS) that verifies this. There are various forms of documentation provided by INS that a student may present to verify his or her status, not all of it necessarily uniform. It is essential that you familiarize yourself with the format, use, and endorsements stamped on these forms.

You may see the following documents when verifying eligible noncitizen status:

Passport: This is a government document that certifies the identity and citizenship of an individual. It also grants permission to travel abroad.

Passports are generally small (savings-bank passbook size) bound booklets. A photograph of the individual is contained in the passport.

I-94: The Arrival-Departure Record. That title and the form number should appear on the form. It is generally slightly smaller than a 3" x 5" file card. Stamped endorsements on the I-94 identifying the individual's status may be stamped in rust-colored ink on the original document. They must be readable in order to confirm the individual's status.

I-551 or I-151: The Alien Registration Receipt Card. It is a small, laminated identification card similar to photo identification drivers' licenses used in many states. The

An *Alien Registration Receipt Card* is popularly referred to as a "green card." It is no longer green--it hasn't been so for a number of years.

title of the card, an alien registration number, and the name and photograph of the individual are included on the card.

I-688: The Temporary Resident Card. This is provided to eligible aliens who received temporary resident status under the Immigration Reform and Control Act of 1986.

A student holding the Employment Authorization Card (Form I-688*A*) for temporary permission to work while an application for temporary residence is being processed is *not* eligible for Title IV aid.

G-641: The Application for Verification of Information from Immigration and Naturalization Service Records. This is a form letter produced by INS at the student's request. It must contain both a completed student section and an INS section verifying the individual's status.

The next question is, which classifications of eligible noncitizens carry which documents? Also, are there any other identifying items on these documents? For further information on the required documents and endorsements for the various classifications of eligible noncitizen, consult Chapter 2 of the *Federal Student Financial Aid Handbook*.

You must keep in the student's file a copy of any documents used to confirm his or her eligible noncitizen status. Although it is illegal to photocopy the INS documents "for other than lawful intent," your purpose is considered lawful. I-94 endorsements that do not photocopy well should be hand-copied exactly as they appear on the original I-94. You and the student should sign the photocopy or hand-copied facsimile.

6.7 MEMBER OF A RELIGIOUS COMMUNITY

An applicant who is a member of a religious community, society, or order that directs the student's course of study or provides subsistence support to its members is ineligible for Title IV funds except for Stafford and SLS/PLUS loans. Even for these programs, some guarantee agencies operate under state laws which prohibit members of religious communities from receiving Stafford or SLS/PLUS loans. The reason for this restriction is that the student is not considered to have financial need because he or she is already supported by the religious community. Confirmation of the student's membership in a religious community should be available through records of personal information collected by the admissions office.

Example of a *member of a religious community:* A nun from a religious order who is being asked or required by that order to complete an educational program. The cost of attendance for that educational program and the student's total living expenses are paid by the order.

SAMPLE STATEMENT OF EDUCATIONAL PURPOSE

I certify that I will use any money I receive under a Title IV loan, grant, work-study, or scholarship program only for expenses related to my study at (name of institution).

Signature: _____ Date: _____

Social Security Number (use Student Identification Number only if you have no Social Security Number): _____

Academic Period Covered by Award(s): July 1, 1988 - June 30, 1989

6.8 STATEMENT OF EDUCATIONAL PURPOSE

Before any Title IV funds can be disbursed, you must collect a signed statement of educational purpose from the student. In this statement, the student certifies that he or she will use any Title IV funds only for education-related expenses. A separate statement must be collected from the student each award year.

6.9 SELECTIVE SERVICE REGISTRATION

Male students born on or after January 1, 1960, who are 18 or older, are required by law to register with the Selective Service system. Male students who have not registered with the Selective Service, according to federal regulation, may not receive Title IV funds. It is the responsibility of the financial aid office to collect a signed "Statement of Selective Service Registration Status" from each student. The model statement in the federal regulations (also printed on the Pell Grant Student Aid Report) collects the student's certification that he is registered or that he is not required to register for a specified reason.

You may not release Title IV funds until you have collected a signed statement of registration status from a student. Current regulations provide you with the option of collecting this statement only once when the student first applies for aid unless the student's status under the law changes. For example, a male student who is under 18 when he first applies for aid must sign a new statement

See 34 CFR 668.33 for regulatory requirements for collection of statements of registration status.

ED and the Selective Service conduct regular tape matches of their records to confirm compliance of student aid applicants with registration requirements.

once he turns 18 and registers. If this status change takes place during the award year, you can collect the new statement when the student reapplies for the following award year. You also have the option of not collecting signed statements from students you determine to be exempt from registration with the Selective Service system. For example, females would not be required to register.

SAMPLE STATEMENT OF REGISTRATION STATUS

___ I certify that I am not required to be registered with the Selective Service because:
- ___ I am a female.
- ___ I am in the armed services on active duty. (Note: Does not apply to members of the Reserves and National Guard who are not on active duty.)
- ___ I have not reached my 18th birthday.
- ___ I was born before 1960.
- ___ I am a permanent resident of the Trust Territory of the Pacific Islands.
- ___ I am a citizen of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau.

___ I certify that I am registered with the Selective Service.

Signature: _____ Date: _____

Social Security Number (use Student Identification Number only if you have no Social Security Number): _____

Many institutional aid applications combine these two statements (educational purpose and registration status) with other information which must be certified, such as the "Not in Default or Owing on a Grant" certification statement. Although the example on the next page shows this combined statement included in an institutional aid application, it can be effectively included in other institutional documents (e.g. the financial aid award letter).

STUDENT'S STATEMENT OF EDUCATIONAL PURPOSE, REGISTRATION STATUS, AND OTHER CERTIFICATIONS NEEDED UNDER TITLE IV REGULATIONS

ACADEMIC PERIOD COVERED BY AWARDS: July 1, 19__ to June 30, 19__

STATEMENT OF EDUCATIONAL PURPOSE

I certify that I will use any money I receive under a Title IV loan, grant, work-study, or scholarship program only for expenses related to my study at (name of institution).

STATEMENT OF REGISTRATION STATUS

____ I certify that I am not required to be registered with Selective service because:
- ____ I am female
- ____ I am in the armed services on active dury. (Note: Does not appy to members of the Reserves and National Guard who are not on active duty.)
- ____ I have not reach my 18th birthday.
- ____ I was born before 1960.
- ____ I am a permanent resident of the Trust Territory of the Pacific Islands.
- ____ I am a citizen of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau.

____ I certify that I am registered with the Selective Service.

"NOT IN DEFAULT ON A LOAN OR OWING ON A GRANT" CERTIFICATION

I certify that I am not in default on any Title IV student loans made under the Stafford Loan (formerly GSL), National Defense/Direct Student Loan, Perkins Loan, Supplemental Loans for Students (SLS), PLUS, Consolidation Loan, or Income Contingent Loan (ICL) program received for attendance at any institution of higher education; and

I certify that I do not owe a repayment on any Title IV grant or scholarship funds received from the Pell Grant, Supplemental Opportunity Grant (SEOG), or State Student Incentive Grant (SSIG) programs received for attendance at any institution of higher education.

Signed: _____ Date: _____

Social Security Number: _____
(Give your Student Identification Number if you have no Social Security Number)

ELIGIBILITY OF CONTINUING AND TRANSFER STUDENTS

There is an additional layer of eligibility review for students who have previously received federal financial aid. This may include students who have returned or been readmitted after a break in their academic programs.

A student's financial aid history may affect current eligibility because of:
- loan default
- grant or scholarship repayment owed

6.10 LOAN DEFAULT

Students are ineligible for further Title IV funds if they are in default on any Title IV student loans (Perkins, Defense/Direct, Stafford, SLS/PLUS, Income Contingent, or Consolidation loans) borrowed for attendance at any institution, unless the holder of the loan certifies that the student has made *satisfactory arrangements* to repay the loan.

Satisfactory arrangements to repay loans that are in default must be approved by the responsible institution, lender, guarantee agency, or the Secretary of Education.

If a student loan should be in repayment and the borrower has failed to make scheduled payments, then the loan is in default. Perkins Loan billing and collection may be handled by the fiscal office or by a separate student loan office at your institution. If so, that office should routinely provide you with a list of students in default. Institutions that retain outside billing services and collection firms receive monthly reports allowing them to monitor defaults. Defaults on Perkins Loans (or earlier National Direct or Defense Loans) at previously attended institutions are reported on Financial Aid Transcripts (FATs). Information about defaults on Stafford and SLS/PLUS loans must be included on an FAT if the previously attended institution has been informed of the default by the lender.

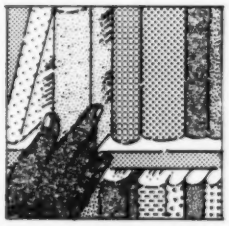
6.11 GRANT REPAYMENT OWED

It is also possible for a student to owe a repayment on a student grant as a result of an earlier overpayment of grant funds. Students are ineligible for further Title IV funds if they owe repayment on any Title IV grant (Pell Grant, SEOG, or SSIG) received for attendance at any institution.

This could result from:

- ✧ a financial aid officer's administrative error in calculating the grant;
- ✧ the student's receipt of more aid from various sources than originally anticipated;
- ✧ the student's withdrawal or change in enrollment status after funds are disbursed; or
- ✧ incorrect application data filed by the student or parents.

A student is ineligible for further Title IV funds unless the overpayment can be eliminated. Title IV grant repayments owed at other previously attended postsecondary institutions, if known, must be reported on the student's Financial Aid Transcripts.

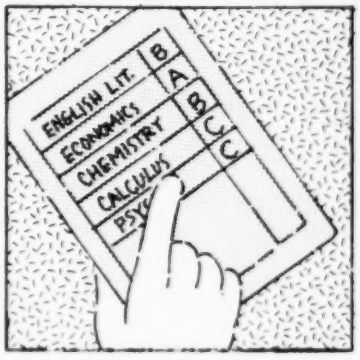


For regulations and policy directives on *satisfactory academic progress*, see the Student Assistance General Provisions and Appendix A.

6.12 SATISFACTORY ACADEMIC PROGRESS

To receive Title IV student aid funds, students must make satisfactory academic progress toward the completion of their programs of study according to institutional and federal standards. Satisfactory academic progress is a term used to describe a satisfactory rate of course completion.

To monitor academic progress, institutions must develop policies which satisfy federal requirements set forth in the General Provisions regulations of December 1, 1987. One measure of administrative capability for Title IV participation is an institution's development and implementation of reasonable standards for satisfactory progress. Appendix A includes an overview of the guidelines outlined in these federal regulations.



In addition, the Higher Education Amendments of 1986, as amended, prescribe specific standards of satisfactory academic progress that must be met by students who have not received Title IV assistance in a previous award year (for enrollment periods before July 1, 1987). These new eligibility requirements became effective in the 1987-88 award year.

The development and monitoring of your institution's policy should not take place solely in the financial aid office. You should work with other administrators, faculty, and students to develop a reasonable policy, incorporating all federal standards, which can be translated into workable procedures in your office. The financial aid office may have access to the registrar's office data base for grade review, may receive computer printouts of grades, or may receive photocopies of individual academic transcripts. Regardless of the method, the institution must evaluate each student's satisfactory academic progress at the end of each academic year or its equivalent and document the results of the review.

Satisfactory Progress Requirements: General Provisions Regulations

The General Provisions regulations on satisfactory academic progress include two general and five specific requirements. The *two general requirements* of the General Provisions regulations are:

1. Your policy must *conform to the standards* of your accrediting agency.

2. Your policy for student financial aid recipients should be *as strict as or stricter than* general institutional standards. Standards for nonrecipients of aid do not have to be tightened if the institution elects to have a stricter standard for aid recipients.

The *five specific requirements* of the General Provisions regulations include the following:

1. The use of grades, work projects completed, or comparable factors that can be measured against a norm for a *qualitative measure* of a student's progress. For example, your institution may establish a Cumulative Quality Point Average (CQPA) or grade point average (GPA) which a student must maintain to remain enrolled, or a percentage of work projects to be completed at a specified level of performance.

For additional examples of institutional policies meeting the federal guidelines for *satisfactory academic progress*, see Appendix A.

2. *Quantitative measurements* of progress such as:

- ✧ *maximum time frames* in which to complete the educational programs at your institution. These

must be based on enrollment status, with a part-time student given a longer period to complete the program than a full-time student (for example, a 5-year maximum time frame for full-time students and 10-year time frame for part-time students to complete a B.S. or B.A. degree program).

- *increments for review* not to exceed one academic year within the maximum time frame, with a minimum percentage or amount of work that a student must successfully complete at the end of each increment (for example, an academic year incremental review point with an equal number of academic credits that must be earned each academic year).

3. *Consistent application* of your policy to all students within categories of students (for example, full-time, part-time, graduate, undergraduate, and students in particular programs at your institution).

4. Development of policies concerning course *incompletes, audits, withdrawals, repetitions,* and *noncredit remedial* courses.

5. Procedures for *appeal, probation,* and *reinstatement* of aid in the case of a financial aid termination:

Appeal: This element defines a student's rights under the financial aid satisfactory academic progress policy, should a designated office or committee determine he or she is not making satisfactory progress. The institution must define what extenuating or unusual circumstances will permit an appeal and the procedures for evaluating the appeal.

The method for hearing appeals is up to the institution. One possible approach would be to require written appeals to an appeals committee or to the financial aid administrator. Regardless of the outcome of the student's appeal, the decision should be documented in the student's file.

Probation: An institution may, but is not required to, provide a probationary period in its policy. This could be handled on a case-by-case basis as a result of an appeal, or provided automatically as part of your policy. Probationary status must be documented in the student's file.

Students placed on probation must be notified of their status and the conditions surrounding it. Those conditions should include:

- ✧ time limits;
- ✧ requirements to end probationary status; and
- ✧ the outcome if the student fails to meet these requirements.

Reinstatement: Your policy must also include procedures for reinstatement of aid if it is terminated for lack of satisfactory academic progress. This aspect of the policy informs the student of the academic steps to take to regain eligibility.

Satisfactory Progress Requirements: Higher Education Amendments of 1986

The more specific federal standards of satisfactory academic progress enacted as part of the Higher Education Amendments of 1986 affect only those students who received Title IV program assistance for the first time beginning with the 1987-88 award year, or, for the Stafford Loan and SLS/PLUS programs, attendance during enrollment periods beginning on or after July 1, 1987. Under the provisions of 34 CFR 668.7, an institution is required to:

1. Review the academic progress of each Title IV student financial aid recipient at the end of each academic year or its equivalent.

2. Determine after the second academic year of attendance at the institution that the student has:

   a. a cumulative "C" average or its equivalent; or

   b. an academic standing consistent with the institution's graduation requirements.* In other words, the student must be on schedule to meet graduation requirements within a normal time-frame, based upon his or her academic standing at the time of review.

If the student does not meet the requirements in 2a or 2b above, the student loses eligibility for further Title IV funds ("financial aid termination"). However, the student may regain financial aid eligibility if he or she later achieves the required academic standing.

*Example: Suppose an institution using a 4-point scale sets a Cumulative Quality Point Average of 1.75 as the criterion which defines satisfactory academic standing following the end of the sophomore year. A student whose CQPA is exactly 1.75 at the end of sophomore year would have the minimum academic standing to be in compliance with the institution's graduation requirements at that point in time, and would remain eligible for Title IV financial aid.

The institution has the option of waiving these standards if the student has undergone undue hardship because of the death of a relative, the student's injury or illness, or other special circumstances. The waiver, and the basis for it, must be clearly documented in the student's financial aid file.

6.13 FINANCIAL AID TRANSCRIPTS

Transfer students applying for federal financial aid are required to request signed Financial Aid Transcripts (FATs) from the financial aid offices at their previous institutions. You have the option of directly requesting the Financial Aid Transcript for students from the institutions they previously attended.

An institution may request the FAT from a previously attended institution on behalf of the student. This is known as an *institutional request* and may be more efficient than having the student make the request, especially when the student has previously attended several institutions and will need a number of FATs.

FATs are prepared, signed, and *sent directly to your office* by the other institution's financial aid administrator or other authorized official. Many institutions use the Financial Aid Transcript format recommended by the National Association of Student Financial Aid Administrators (see page 19).

The preparation of FATs is an important administrative function in your office. Failure to comply with this requirement could adversely affect your institution's participation in the student aid programs.

The financial aid transcript is *not* the same as an academic transcript–students tend to be confused about this. The FAT describes the student's financial aid history at previously attended institutions. For example, if the student attended three institutions prior to yours, you will need three Financial Aid Transcripts, one from each institution.

What is a Financial Aid Transcript?

In addition to the student's name, Social Security number, and approximate dates of attendance, the transcript contains information that is important in an eligibility review. Did the student receive Title IV funds at that institution? If so, the FAT(s) will show:

- Scheduled Pell Grant and amount of Pell Grant aid received during the current award year (if the student transferred during an award year). This information allows you to calculate the student's remaining eligibility for funds from the Pell Grant program.

- ✧ Whether the student was treated as an independent student in the preceding award year.

- ✧ Whether the student owes an outstanding balance on a Defense or Direct loan made by the institution providing the transcript.

- ✧ The exact amount and enrollment period of each Perkins, National Direct/Defense, Stafford, SLS, or PLUS loan that the student received. Also, the cumulative amounts of aid received, relative to the annual and aggregate loan amounts allowed under each of these programs:
  - for the first 2 years of study
  - for 4 years of study toward a baccalaureate degree
  - total undergraduate and graduate amounts.

The institution must check all of a student's financial aid transcripts to determine the cumulative amount of any Perkins, Stafford, and SLS/PLUS funds borrowed.

- ✧ The student's possible default status on a previously received Title IV loan, or repayment status on a previously received Title IV grant.

Payment Before Receiving a Transcript

By regulation, you have the option of making a payment to a student for one payment period if you request, but do not receive, a Financial Aid Transcript in a timely manner.* You must document that the Financial Aid Transcript has been requested. If you fail to receive the transcript, or receive a notice indicating the FAT is being withheld, you may not make further payments to the student. You are not liable for repayment of the one payment period of aid disbursed, as long as you documented your request for the FAT.

*Exception: Under current regulations, a school may not certify a PLUS application or release Stafford/SLS loan proceeds to a borrower if a Financial Aid Transcript is required for the student and it has not yet been received. If a school has received a Stafford/SLS check for a student for whom an FAT is required, and the FAT is not received within 45 days of the arrival of the check, the school must return the loan proceeds to the lender.

All participating institutions are required to answer Financial Aid Transcript requests within a reasonable period of time. Completion of FATs is a routine function in all aid offices.

As stated above, FATs must be requested from all previously attended institutions. If transcripts have not been received from one or more prior institutions, you may disburse Title IV program funds beyond one payment period in the following circumstances:

- ✧ after receiving written certification from a prior institution that the student did not receive Title IV funds there;

- ✧ if you have documentation that the prior institution has closed and information on Title IV financial aid received by the student at that school is not available; or

- ✧ the institution is not located in the United States.

FINANCIAL AID TRANSCRIPT

PART I: Instructions to the STUDENT. If you ever attended another postsecondary institution, you must complete Part I of this form and submit it to the Financial Aid Office of that institution. Federal regulations require that a Financial Aid Transcript request be sent to every institution you previously attended.

Name _____ **Social Security #** _____
Last First M.I. Maiden

Name used at previous institution (if different from above) _____

I request the Financial Aid Office at _____ which I attended from _____ to _____ to provide the information requested in Part II to the institution shown below:

I did____ did not____ receive aid while a student at this institution.

Student's Signature (optional):

_____

Student's Address:

_____

_____

(Fold here for window envelope)

PART II: To be completed by the Student Financial Aid Office at the previous institution. Complete either Sections A, B and F, or Sections A and C through F and the Additional Information Sheet.

SECTION A: Other Institutions Attended (Everyone must complete this section):

___ The institution has information indicating the student attended the following institutions other than this institution:

_____

_____

SECTION B: To be completed if institution is not completing Sections C, D, and E.

The information requested in Sections C, D, E, and the Additional Information Sheet is not being provided because:

___ The student neither received nor benefited from any Title IV aid while at this institution.
___ The transcript pertains solely to years for which the institution no longer has and is no longer required to keep records under the Title IV program recordkeeping requirements.

If you have completed Section A and checked one of the reasons in Section B, and are not required to provide any other information, skip Sections C, D, and E and complete Section F. Otherwise, proceed with Section C.

SECTION C: Complete the first statement and check all others that apply:

1. The student first received Title IV aid at this institution for award year _____
mo/yr - mo/yr

2. Check all that apply:
___The student received any Title IV aid as an independent student
___ in the current (19_____-19_____) award year;
___ in the previous (19_____-19_____) award year.
___The student had an outstanding balance on an NDSL loan at this institution on July 1, 1987.
___The student owes a refund on a Pell Grant or SEOG at this institution.
___The student is in default on a Perkins, NDSL, or Income Contingent Loan (ICL) at this institution.
___The institution knows the student owes a refund on SSIG received for attending this institution.
___The institution knows that the student is in default on a GSL, FISL, SLS, or PLUS (ALAS) loan made for attendance at this institution, or on a Consolidation Loan.

Rev. 3/88

SECTION D: Assistance Received or Benefited From at This Institution

Sources of Assistance	Amounts (exclude refunds)	
	Current Year: 19___ - 19___	Cumulative Total (include current year)
Pell Grant: Total Disbursement		xxxxxxxxxxxxxxxxx
Scheduled Award		xxxxxxxxxxxxxxxxx
SEOG		xxxxxxxxxxxxxxxxx
Perkins/NDSL Loans	xxxxxxxxxxxxxx	
Income Contingent Loan (ICL)		
SSIG/State Grant (optional)		
Other aid* (optional; identify each)		

*If you participate in HEAL, Nursing Student Loan, or HPSL, include them here.

SECTION E: GSL/SLS/PLUS History at This Institution:

1. List the period of the loan and amount of each GSL, SLS, and student PLUS loan received by the student for attendance at your institution (include current loans):

GSL		SLS		Student PLUS (ALAS)	
Period	Amount	Period	Amount	Period	Amount

2. List the period of the loan and amount of each PLUS loan received by the student's parents for the student's attendance at your institution (include current loans):

Period	Amount

SECTION F: This section must be completed.

Authorized Signature _____ Date _____
Typed Name _____ Title _____
Name of Institution _____
Address _____
_____
Telephone _____
Comments _____
_____
_____
_____

Form developed by the National Association of Student Financial Aid Administrators and recommended by the U.S. Department of Education, Office of Student Financial Assistance.

6.14 PHASE I–INITIAL REVIEW AND CONFIRMATION OF STUDENT ELIGIBILITY

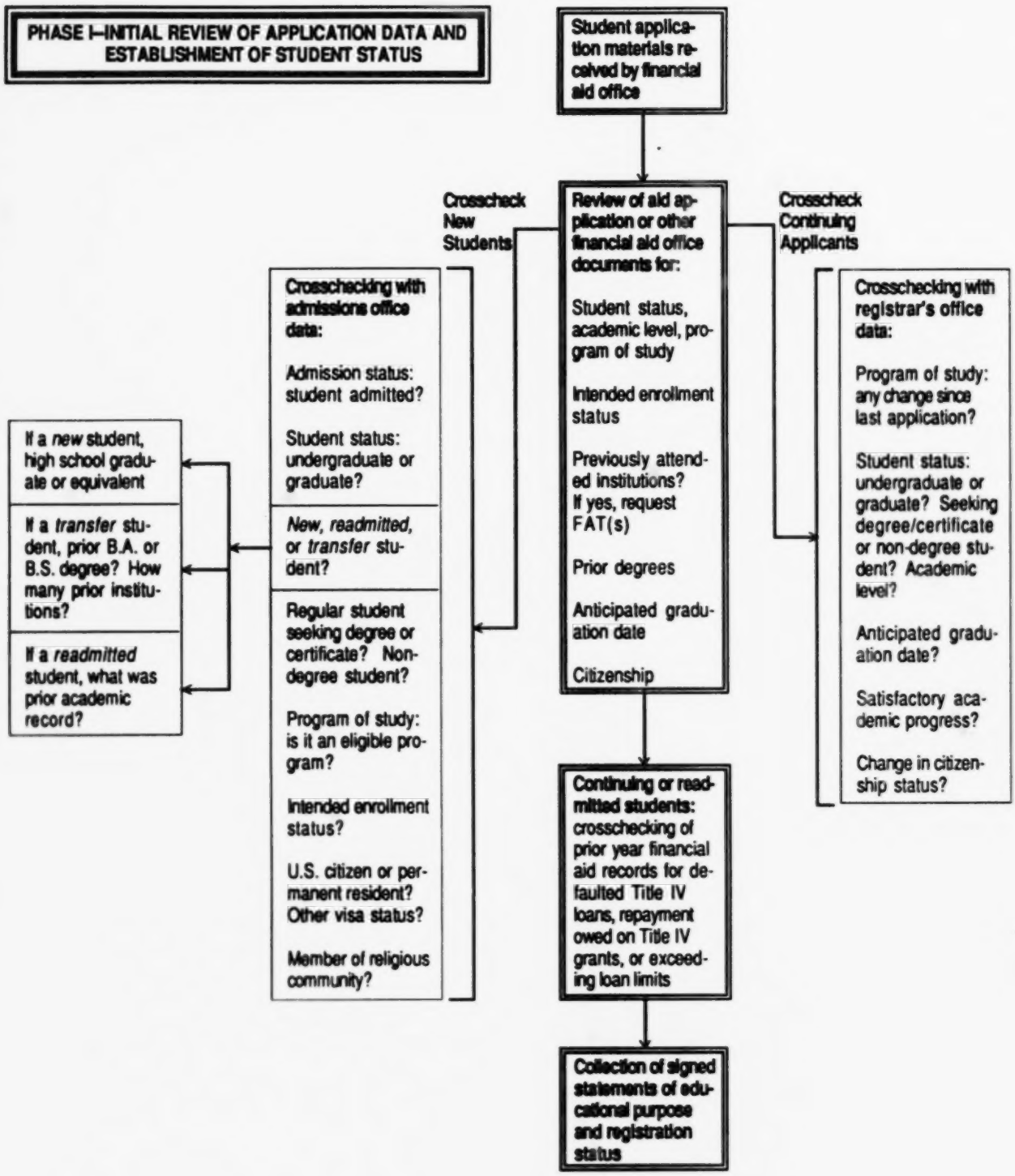
Reviewing applicant data at the point of application is the first phase in the eligibility review process.

For *new students,* establishing student eligibility during the early application stages is a joint effort by the admissions and financial aid offices. Application materials submitted to both offices are reviewed and crosschecked.

For *continuing students,* a similar process takes place between the financial aid and registrar's office.

The chart on the next page helps to illustrate this review and crosscheck process.

Many aid administrators use the phrase "verification of eligibility" to describe the process of establishing Title IV student aid eligibility according to the criteria outlined in this module. As of the 1986-87 award year, however, the term "verification" refers specifically to the process of verifying selected data items on student aid applications. This replaces the "validation" process in use from the 1978-79 through the 1985-86 award years. To avoid confusion, we will refer to the process of establishing general student eligibility as "confirmation of student eligibility." However, you will probably hear members of the aid community using the term "verification" when referring to the determination of general student eligibility.


PHASE I–INITIAL REVIEW OF APPLICATION DATA AND ESTABLISHMENT OF STUDENT STATUS
Student application materials received by financial aid office
Review of aid application or other financial aid office documents for:
Student status, academic level, program of study
Intended enrollment status
Previously attended institutions? If yes, request FAT(s)
Prior degrees
Anticipated graduation date
Citizenship
Crosscheck New Students
Crosschecking with admissions office data:
Admission status: student admitted?
Student status: undergraduate or graduate?
New, readmitted, or transfer student?
Regular student seeking degree or certificate? Non-degree student?
Program of study: is it an eligible program?
Intended enrollment status?
U.S. citizen or permanent resident? Other visa status?
Member of religious community?
If a new student, high school graduate or equivalent
If a transfer student, prior B.A. or B.S. degree? How many prior institutions?
If a readmitted student, what was prior academic record?
Crosscheck Continuing Applicants
Crosschecking with registrar's office data:
Program of study: any change since last application?
Student status: undergraduate or graduate? Seeking degree/certificate or non-degree student? Academic level?
Anticipated graduation date?
Satisfactory academic progress?
Change in citizenship status?
Continuing or readmitted students: crosschecking of prior year financial aid records for defaulted Title IV loans, repayment owed on Title IV grants, or exceeding loan limits
Collection of signed statements of educational purpose and registration status

6.14.1 Review of Admissions Office Data

At most institutions, the admissions office, or person responsible for admissions, collects personal and academic information on applicants for admission. This information and periodic reports on admissions decisions will be important to the financial aid office in determining student aid eligibility. They provide source data on important eligibility items and are crosschecked with information included by students on the institution's financial aid application. This information may be obtained by the following methods:

At most institutions, the admissions office, or person responsible for admissions, maintains either an automated data base or manually prepares periodic reports on processed applications for admission.

- ✧ access by the aid administrator in an on-line system to the admissions office data base;
- ✧ computer-generated hardcopy or microfiche reports; or
- ✧ manually prepared periodic updates.

Regardless of the method used, procedures should be established for the two offices to share this information on a regular basis. (The effectiveness of your review procedures will be measured later, since the same documents are subject to audit.)

6.14.2 Specific Items on Admissions Forms

The following information needed by the financial aid office is generally available through documents collected and processed by the admissions office:

Application for Admission

Status of Applicant: Is the student a new, readmitted, or transfer student?

- ✧ If new--is the student a high school graduate or GED recipient, or has the student been counseled, tested, or evaluated against the other *ability to benefit* criteria?
- ✧ If readmitted--what was the student's previous academic performance at your institution?
- ✧ If transfer--how many and which institutions has the student previously attended?

Academic Program: Is the student enrolled in an eligible program leading to a degree or certificate, or attending on a non-degree basis? What is the student's specific educational objective at your institution? Is this a graduate or undergraduate program?

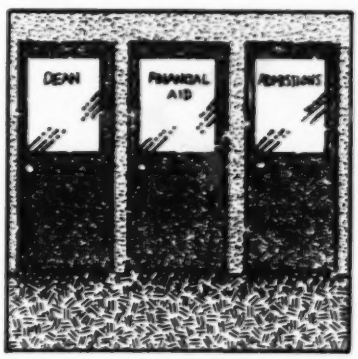
Prior Academic Degree: Does the student have a prior B.A. or B.S. degree?

Planned Enrollment Status: Does the student plan full-time or part-time attendance?

Citizenship: What is the student's country of origin? Is he or she a U.S. citizen, permanent resident, or other eligible noncitizen?* Was an I-20 issued to the student by your admissions office or foreign student advisor which would clearly indicate the student has an F-1 or M-1 student visa and is thus ineligible for Title IV aid?

*See Sections 6.6.1 and 6.6.5.

Financial Aid: Is the student interested in applying for financial aid?



Letter of Acceptance

Has the student been accepted for admission? If so, is it a regular or conditional admission? Are remedial courses required? Is it a readmission on a probationary basis?

6.14.3 Review Within the Financial Aid Office

The primary source documents for eligibility review are those which the financial aid office collects. They are designed with eligibility review in mind. Although not required by federal regulation, an institutional financial aid application is an effective tool for gathering needed information.

The excerpt on the next page is taken from Hometown University's financial aid application. It highlights some of the eligibility items which appeared in the general eligibility requirements reviewed above.

APPLICATION FOR STUDENT FINANCIAL AID

1988-89 ACADEMIC YEAR (July 1, 1988 to June 30, 1989)

USE THIS FORM TO APPLY FOR:
- SUMMER JOB ON WORK-STUDY PROGRAM FOR SUMMER 1988
- FALL QUARTER 1988 • WINTER QUARTER 1989 • SPRING QUARTER 1989

INSTRUCTIONS: To complete this form, please typewrite or print clearly using a ball point pen. For Pell Grant and other types of federal financial aid, you must also complete the 1988-89 Application for Federal Student Aid form.

☛ SECTION 1 - PERSONAL DATA

Last Name | First Name | Middle Initial | Social Security Number

Date of Birth | Place of Birth | ❑ Male ❑ Female | ❑ Unmarried ❑ Separated ❑ Married ❑ Single, Widowed, or Divorced

CURRENT MAILING ADDRESS: Number & Street | Apt. Number | City | State | Zip Code

Current Home Tel Number (__) ___ - ____ Work Tel Number (__) ___ - ____ Permanent Tel Number (__) ___ - ____

PERMANENT MAILING ADDRESS: Number & Street | Apt. Number | City | State | Zip Code

PROGRAM OF STUDY ① ❑ B.S. ❑ A.A ❑ Freshman ❑ Sophomore ❑ Junior ❑ Senior ❑ 5th/6th Year Undergraduate ❑ Non-Degree Candidate/Continuing Education ❑ Graduate ❑ Master's ❑ C.A.S. ❑ Doctorate

CITIZENSHIP ② ❑ U.S. Citizen ❑ Other (Indicate type of visa: _____) ❑ Permanent Resident (Copy of both sides of Alien Registration Card or I-94 must be attached)

EXPECTED GRADUATION DATE Month __ Year 19__

When do you expect to begin classes? ❑ Summer Quarter 1988 ❑ Fall Quarter 1988 ❑ Winter Quarter 1989 ❑ Spring Quarter 1989

EXPECTED ENROLLMENT ③ ❑ Full-Time ❑ Part-Time: Number of Credit Hours ___

☛ SECTION 2 - APPLICANT CLASSIFICATION

④ ❑ New Student ❑ Returning Student ❑ College Transfer Student University I.D. Number _____

RETURNING STUDENTS Have you ever received financial aid at this university? ❑ Yes ❑ No Which years? _____

COLLEGE TRANSFER STUDENTS You must request a financial aid transcript be forwarded to this university by your previous colleges whether you received financial aid or not. You may obtain transcript request forms in the Financial Aid Office.

	Name of College Attended	Attendance Dates	Did you receive financial aid?
1.	Name of Last College Attended	19___ to 19___	❑ Yes ❑ No
2.	Name of Previous College Attended	19___ to 19___	❑ Yes ❑ No
3.	Name of Previous College Attended	19___ to 19___	❑ Yes ❑ No

KEY TO ELIGIBILITY ITEMS ABOVE:
1. Program of Study
2. Citizenship
3. Enrollment Status
4. Student Status

1. Program of Study

The student indicates an intended program of study. Looking at Hometown University's catalog, you note the following:

Eligible Degree or Certificate Programs: The academic programs are separately identifiable degree or certificate programs.

Nondegree Attendance in Courses: Although this is possible, students indicating nondegree enrollment status would be ineligible for all Title IV funds. (Exception: For the Stafford Loan, SLS, and PLUS programs, they could be pursuing courses needed for enrollment in an eligible program.)

Undergraduate and Graduate Programs: Hometown U. has both undergraduate and graduate programs and aid applicants. This is an important distinction, since graduate students are ineligible for some Title IV student aid programs. Annual and cumulative student loan limits also differ. Perkins Loan limits are based on class level by regulation. Many guarantee agencies may require students receiving Stafford/SLS/PLUS loans to progress to the next grade level before approving further loans.

2. Citizenship Status

Is the student a U.S. citizen or is another status indicated? Can the student provide documentation to confirm his or her eligible noncitizen status?

3. Enrollment Status

Does the student meet minimum half-time enrollment standards for Title IV student aid? (Since Hometown University is an institution with standard terms, minimum half-time would be 6 credit hours. It does *not* have an institutional policy of awarding SEOG, CWS, or Perkins Loan funds to less-than-half-time students.)

4. Student Status

Is the student a new, transfer, or readmitted student? Can you verify this through admissions office data? If a transfer or readmitted student, is there a record of previous aid?

6.15 PHASE II–REVIEW PRIOR TO AWARDING FINANCIAL AID

In awarding financial aid, the aid administrator must first look at all the previously-mentioned aspects of student eligibility. Once you establish that the student is eligible (in terms of enrollment, citizenship status, previous loan and grant history, etc.), you can turn your attention to the types and amounts of aid to award. The next two elements of the eligibility review are:

Refer to Module 8, Need Analysis.

Refer to Modules 10, 11, and 12 for additional information on program-specific eligibility criteria for the Title IV student aid programs.

- ✧ Determination of a student's financial need or lack of need according to one of the approved need analysis systems (covered in Module 8).

- ✧ Evaluation of the student's eligibility in terms of program-specific eligibility requirements (covered in Modules 10, 11, and 12) such as:

  - Pell Grant and Supplemental Educational Opportunity Grant (SEOG) program eligibility, which is restricted to undergraduate students who have not received a previous B.A. or B.S. degree;

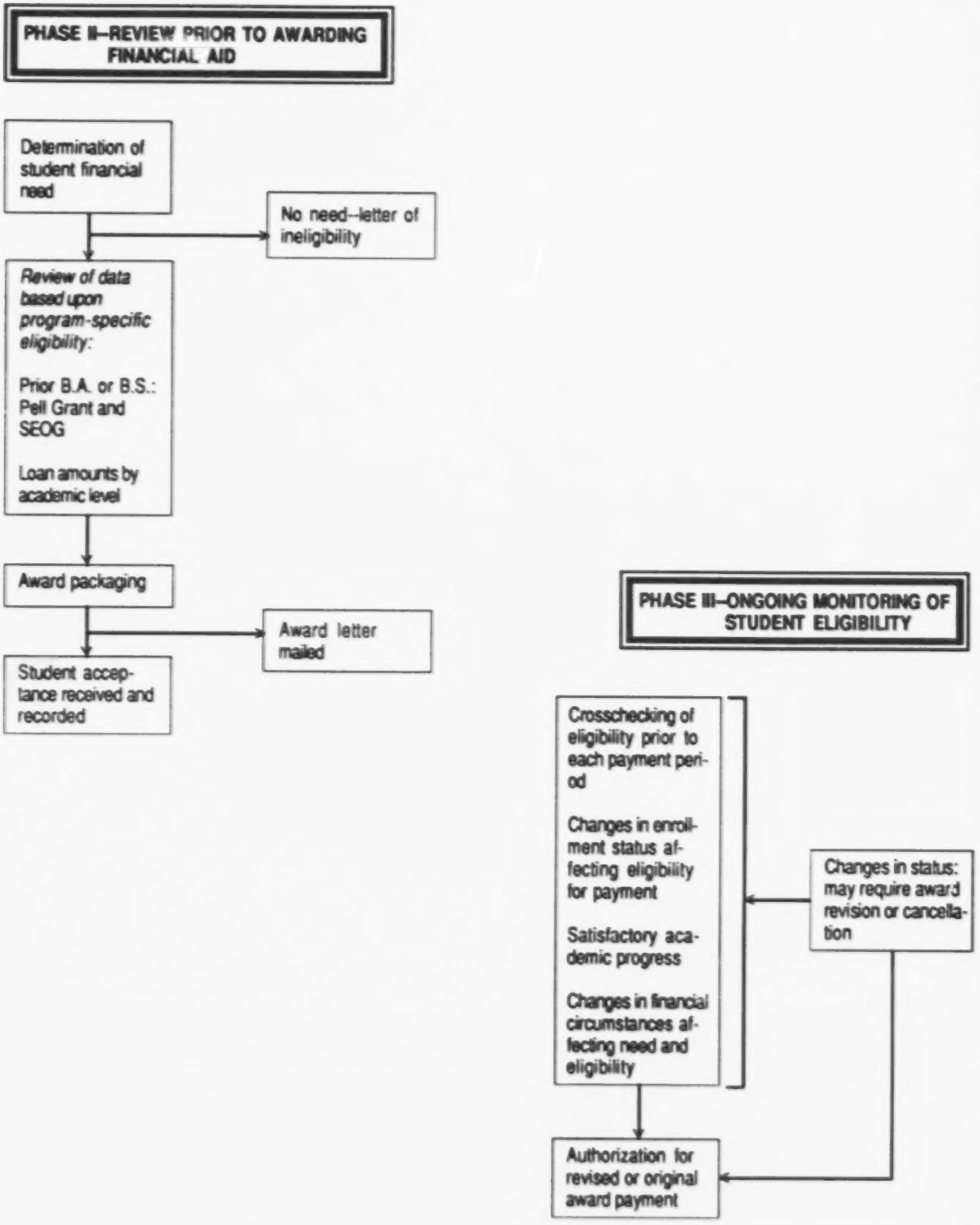
  - total allowable Stafford, Perkins, and SLS/PLUS loan amounts for undergraduate and graduate students; and

  - Perkins Loan, Stafford/SLS/PLUS, and CWS eligibility, which extends to graduate as well as undergraduate students.

6.16 PHASE III–ONGOING MONITORING OF STUDENT ELIGIBILITY

Ongoing monitoring of student aid eligibility takes place over the course of the award year, generally just prior to, or at the beginning of, each payment period. The following items are included in the review:

✧ **Enrollment Status:** Is the student's status full-time, half-time, or less-than-half-time? Has there been a change in the student's status that requires award revision or cancellation, or notification of the student's Stafford/SLS/PLUS lender or guarantee agency?


PHASE II--REVIEW PRIOR TO AWARDING FINANCIAL AID
Determination of student financial need
No need--letter of ineligibility
Review of data based upon program-specific eligibility:
Prior B.A. or B.S.: Pell Grant and SEOG
Loan amounts by academic level
Award packaging
Award letter mailed
Student acceptance received and recorded
PHASE III--ONGOING MONITORING OF STUDENT ELIGIBILITY
Crosschecking of eligibility prior to each payment period
Changes in enrollment status affecting eligibility for payment
Satisfactory academic progress
Changes in financial circumstances affecting need and eligibility
Changes in status: may require award revision or cancellation
Authorization for revised or original award payment

✦ **Satisfactory Academic Progress Within the Award Year:** Does your evaluation show that the student is making required progress prior to your disbursement of aid to the student for the next payment period?

✦ **Financial Circumstances:** Have there been any changes in family financial circumstances or receipt of other outside sources of assistance that affect the student's financial need? Does this situation require award revision or cancellation?

SUMMARY

Before any Title IV aid is awarded and disbursed to a student, the financial aid office staff must perform the major administrative task of establishing student eligibility for the programs. This work is often done during the busy period preceding the start of an academic term or other enrollment period, and it includes determination of the student's status and collection of required and supporting documents. Establishing and confirming student status during this Phase I review means examining such factors as type of admission (for example, undergraduate or graduate, degree or nondegree, full-time or part-time), citizenship, previous attendance at other postsecondary institutions, prior degrees, and the student's financial aid history. A thorough evaluation of student status requires both a review of application materials and supporting documents submitted to the aid office *and* a crosscheck of this information against similar documents submitted to other administrative offices.

But the work does not end with these initial stages of eligibility determination. The Phase II review process takes place prior to awarding aid to students, and it narrows the definition of an eligible student. The student's financial need and additional program-specific eligibility criteria affect the amounts and types of aid a student will receive. Continuing and transfer students, whose academic and financial aid histories must be evaluated, require an additional level of review.

Finally, the Phase III monitoring of continuing eligibility directs student aid to those students who are maintaining their eligibility. Student enrollment status, satisfactory academic progress, and changes in financial status are items affecting eligibility that are monitored on an ongoing basis by the aid office.

The steps in eligibility determination provide the foundation of student aid administration and are critical to your institution's successful trusteeship of federal dollars. Eligibility criteria are diverse and require the collection and evaluation of significant amounts of detailed documentation in potentially complex areas such as citizenship. As the aid administrator, you are responsible for coordinating the development of campus-wide policies and procedures to determine initial eligibility and to monitor continuing eligibility.

POST-TEST

1. Factors used in the *qualitative* measurement of satisfactory academic progress for Title IV purposes may include: (circle all that apply)

   a. maintaining a minimum half-time enrollment status
   b. maintaining a minimum grade point average
   c. completion of projects
   d. length of time to complete a specific program

2. Federal Title IV funds cannot be awarded to students enrolled less than half-time. True or False?

3. Members of religious communities or orders that direct the program of study or provide maintenance to their members are eligible only for certain Title IV program funds. List the programs.

4. According to federal regulations, a Statement of Selective Service Registration Status is required from all students applying for Title IV funds. True or False?

5. Which of the following classifications of noncitizen applicants would be eligible for Title IV student financial aid? (circle all that apply)

   a. a student granted refugee status or political asylum in this country
   b. a permanent resident holding an Alien Registration Receipt card (Form I-551 or I-151)
   c. a student admitted to the institution on an F-1 visa
   d. a student presenting your office with a Notice of Approval to Apply for Permanent Residence from INS
   e. a student who became a permanent resident in the middle of the award year
   f. none of the above--students must be U.S. citizens to be eligible for Title IV aid

6. The institution's general standard of satisfactory academic progress may differ from its standard for students receiving Title IV funds. True or False?

7. If an institution and its programs are eligible and certified for Title IV participation, its students are automatically eligible. True or False?

8. The student aid office files for financial aid recipients must contain the following documents: (circle all that apply)

   a. a Statement of Selective Service Registration Status (for males born on or after January 1, 1960)
   b. health records
   c. a Statement of Educational Purpose
   d. Financial Aid Transcript(s) for transfer students

9. Once a student is awarded financial aid and classes begin, the aid office is not required to monitor the student's status. True or False?

10. A student in default on a Perkins Loan for previous attendance at another institution may receive awards from other Title IV programs. True or False?

11. Financial Aid Transcripts need not be requested for transfer students who did not receive Title IV financial aid at their previous institutions. True or False?

12. Under federal regulations, if a student's grade point average (GPA) falls below 2.0 or its equivalent at the end of the second academic year, the student is ineligible for Title IV funds. True or False?

13. An institution may disburse Pell Grant or campus-based program funds to a transfer student when the Financial Aid Transcript has been requested, but not yet received, from the previously attended institution. True or False?

ANSWERS

1. b. and c. Evaluation of grades and projects completed are examples of *qualitative* measurement. A system of *qualitative* measurement is required to determine that a student is making satisfactory academic progress. The new federal standard requiring a cumulative "C" average or its equivalent at the close of a student's second academic year is also an example of a qualitative measure. *Quantitative* measures refer to the number of courses attempted or length of time involved. Institutions are required to develop institutional policies of satisfactory academic progress which incorporate federal guidelines and requirements outlined in the General Provisions regulations of December 1, 1987 and in the Higher Education Amendments of 1986. (For more information, see Section 6.12 and Appendix A.)

2. False. Provisions of the Higher Education Amendments of 1986 extended eligibility for all of the campus-based programs to *less-than-half-time* students. The same legislation requires institutions to award a portion of their SEOG, CWS, and Perkins Loan allocations to *less-than-full-time* students if the institution's application for these funds was based in part on the financial need of such students. Whether an institution awards Title IV funds to less-than-half-time students depends on its own student financial aid policies. (6.4)

3. Stafford Loan, SLS, and PLUS. These are the only Title IV programs from which awards may be made to members of religious communities or societies. However, as a result of state law, guarantee agencies in some states do not permit the use of Stafford/SLS/PLUS loans by members of these groups. (6.7)

4. False. Regulations give an institution the option of not requiring all students to submit Selective Service Registration Statements if it determines that they are exempt from the registration requirement (for example, females or those males clearly out of the age range for Selective Service registration). (6.9)

5. a., b., and e. Eligibility for Title IV funds extends to U.S. citizens and certain categories of eligible noncitizens. (6.6.1, 6.6.5)

6. True. However, if the school's minimum standard of satisfactory academic progress does not meet the federal guidelines, a separate measure of satisfactory academic progress must be established for students receiving Title IV funds. Standards for Title IV aid recipients must be at least as strict as standards for other students. (6.12)

7. False. Student eligibility is a separate issue from institutional or program eligibility. Please review the various criteria of student eligibility in this module if you missed this question. (6.5)

8. a., c., and d.
   a. The requirement of Selective Service registration applies only to males born on or after January 1, 1960. Male students in this age range must file the statement. The institution may choose not to collect the Statement of Registration Status from female students and males born before January 1, 1960. (6.9)
   c. The Statement of Educational Purpose is required for *all* Title IV aid recipients. (6.8)

d. The Financial Aid Transcript must be requested for *all transfer students* applying for Title IV funds, whether or not they received financial aid at the previous institution(s). A transcript must be requested from each previously attended institution. (6.13)

9. False. Student eligibility is examined at various points during the initial application stage and throughout the student's academic year. The financial aid office must monitor a student's continuing eligibility even after initial eligibility has been determined and aid awarded to the student. This ongoing process includes checking changes in enrollment status which may require award revision or cancellation, monitoring satisfactory academic progress, and checking for receipt of additional outside financial resources. (6.16)

10. True. A student in default on a Title IV loan from a previous period of enrollment at any institution *may* be eligible for further financial aid from Title IV programs *provided that* the holder of the loan certifies that satisfactory arrangements have been made to repay the loan. (6.10)

11. False. An FAT must be requested for any transfer student who applies for Title IV financial aid. The previously attended institution must certify whether or not the student received financial aid and the types and amounts of aid received. (6.13)

12. False. Federal regulations do not dictate a specific policy to an institution. However, each institution must establish its own policy for satisfactory academic progress in accordance with regulations and the law. For example, the law requires that a student have *either* a cumulative "C" average or its equivalent *or* an academic standing that is consistent with the institution's graduation requirements after the student's second academic year of attendance at the institution. These requirements may be waived if the student has undergone undue hardship because of the death of a relative, an injury or illness, or other special circumstances. See Appendix A for examples of satisfactory academic progress policies. (6.12)

13. True. An institution may disburse Pell Grant or campus-based program funds to transfer students for one payment period if the FAT has been requested but is not received in a timely manner. You are not liable for this one payment period of disbursed funds. The student's file must contain a copy of your request for an FAT. You must *not* make any *further* disbursements until the FAT is received, except under special circumstances as described in the module. (6.13)

Questions: 13 Your Score: Percentage:

ability to benefit	An admissions standard for a person who is admitted to an eligible institution (unless the institution is a public or private nonprofit institution of higher education that participates only in the Stafford, SLS, and PLUS programs); does not have a high school diploma or GED; and is beyond the age of compulsory school attendance in the state where the institution is located (unless the person is admitted to a vocational school, in which case he or she must have completed or left elementary or secondary education). A student who is admitted on the basis of ability to benefit must (a) receive a GED by graduation or by the end of the first year of study, whichever is earlier; or (b) be counseled prior to admission; or (c) take a nationally recognized, standardized or industry-developed aptitude test that has been developed according to the standards of an appropriate accrediting agency. (If students fail the test, they must enroll in and successfully complete a remedial program prescribed by the institution that does not exceed the equivalent of one academic year.) An institution must document its determinations of ability to benefit. For further information on these standards, contact your ED regional office.
Certificate of Citizenship	A document provided by an individual not born in the U.S. which certifies U.S. citizenship.
Certificate of Naturalization	A document provided by an individual not born in the U.S. which certifies naturalized U.S. citizenship.
clock hour	The equivalent of *either* a 50- to 60-minute class, lecture, or recitation *or* a 50- to 60-minute faculty-supervised laboratory, shop training, or internship.
credit-hour program	An academic program that measures progress by completion of courses assigned specific numbers of credit hours.
default	The failure of a borrower either to make an installment payment when it is due or to comply with other terms of the promissory note.
eligible institution	An educational institution or vocational school which meets all the criteria for participation in the federal student aid programs and has received an Eligibility Letter and countersigned copy of the Program Participation Agreement. According to General Provisions regulations, the following may be eligible institutions: public or private nonprofit institutions of higher education; proprietary institutions; and postsecondary vocational institutions. According to Stafford Loan regulations, institutions of higher education, vocational schools, and some foreign institutions may be eligible institutions.

eligible noncitizen — A student aid applicant who is not a U.S. citizen, but is eligible to receive Title IV assistance. Conditions which allow noncitizens to be considered for Title IV funds are listed in the *Federal Student Financial Aid Handbook.*

eligible program — A program of education or training which meets the regulatory requirements for participation in the Title IV programs.

Financial Aid Transcript (FAT) — A form used by educational institutions to collect data about Title IV and other financial aid received by a student at other educational institutions.

Form G-641 — Application for Verification of Information from the U.S. Immigration and Naturalization Service (INS) records, a form letter which the INS may complete at the student's request. It contains information about the student's citizenship.

general institutional eligibility requirements — Regulations governing institutional eligibility to apply for participation in Title IV programs. General eligibility requirements are established by statutory definition and refer to location, student admissions policy, authorization to provide a postsecondary educational program, accreditation, types, lengths, and levels of educational programs within the institution, and the type of control and age of the institution.

half-time student — For the Stafford Loan, SLS, and PLUS programs, a student who is carrying a half-time academic workload as determined by the school, which amounts to at least one-half the workload of a full-time student. For the remaining Title IV programs, an enrolled student carrying a half-time academic workload as determined by the institution, generally equalling or exceeding the following minimum requirements: (a) 6 semester, trimester, or quarter hours per academic term; (b) 12 clock hours per week for institutions using clock-hour measurement; (c) 12 semester hours or 18 quarter hours per academic year; or (d) enrollment in an eligible program of correspondence study requiring at least 12 hours of preparation per week.

institution of higher education — A public or private nonprofit educational institution located in a state, which (a) admits as regular students only persons with a high school diploma or its recognized equivalent, or persons beyond the age of compulsory school attendance in the state where the institution is located who have the ability to benefit from the training offered; (b) is legally authorized, in the state where it offers postsecondary education, to provide a postsecondary educational program; (c) provides a program leading to an associate, baccalaureate, graduate, or professional degree, or at least a 2-year program that is acceptable for full credit toward a bachelor's degree, or at least a 1-year training program that leads to a degree or certificate and prepares students for gainful employment in a recognized occupation; (d) is a public institution or

a private nonprofit institution to which contributions are tax deductible under section 501(c)(3) of the Internal Revenue Code; and (e) is accredited or preaccredited by a nationally recognized accrediting agency or association, or is a public postsecondary vocational institution approved by a state agency listed by the Department of Education as a reliable authority on the quality of public postsecondary vocational education in that state, or is an institution whose credits the Secretary determines to be accepted on transfer by at least three accredited institutions on the same basis as transfer credits from accredited institutions. Note: An institution of higher education is eligible for all Title IV programs. Note: A student attending an institution of higher education that only participates in the Stafford Loan, SLS, and PLUS programs would not have to demonstrate the ability to benefit. (See definitions for **proprietary institution of higher education, vocational school,** and **postsecondary vocational institution.**)

overpayment

Any amount paid to a student in excess of the amount which the student is entitled to receive. This situation may arise due to a change in enrollment status, withdrawal, or a change in financial situation. In any of these instances, the student would be required to repay excess funds received unless adjustments could be made to the student's aid during subsequent payment periods within the same award year.

postsecondary institution

An educational institution providing education beyond the high school level. The term is used to refer to trade and technical schools as well as colleges and universities.

postsecondary vocational institution

An educational institution that (a) admits as regular students only persons with a high school diploma or its recognized equivalent, or persons beyond the age of compulsory school attendance in the state where the institution is located who have the ability to benefit from the training offered; (b) is legally authorized, by the state where it offers postsecondary education, to provide a postsecondary educational program; (c) provides at least a 6-month program, leading to a degree or certificate, that prepares students for gainful employment in a recognized occupation; (d) is a public institution or a private nonprofit institution to which contributions are tax deductible under section 501(c)(3) of the Internal Revenue Code; (e) is accredited or preaccredited by a nationally recognized accrediting agency or association, or is a public postsecondary vocational institution approved by a state agency listed by the Department of Education as a reliable authority on the quality of public postsecondary vocational education in that state, or is an institution whose credits the Secretary determines to be accepted on transfer by at least three accredited institutions on the same basis as transfer credits from accredited institutions; and (f) has been giving instruction for at least 2 years. (See definition for **vocational school.**)

proprietary institution of higher education

An educational institution other than a public or private nonprofit institution located in a state which (a) admits as regular students only persons with a high school diploma or its recognized equivalent, or persons beyond the age of compulsory school attendance in the state where the institution is located who have the ability to benefit from the training offered; (b) is legally authorized, by the state where it offers postsecondary education, to provide a postsecondary educational program; (c) provides at least a 6-month program of training, leading to a degree or certificate, that prepares students for gainful employment in a recognized occupation; (d) is accredited by a nationally recognized accrediting agency or association; and (e) has been giving postsecondary instruction (and has been legally authorized to give postsecondary instruction) for at least 2 years. (See also **vocational school, postsecondary vocational institution,** and **institution of higher education.**)

regular student

A person who is enrolled or accepted for enrollment at a postsecondary institution for the purpose of obtaining a degree or certificate.

repayment on a grant

The amount due from a student to federal student aid fund accounts owing to a change in enrollment status, total withdrawal, or change in financial situation. This may be a partial or total repayment of Pell Grant, SEOG, or SSIG funds and may take the form of (a) an adjustment to a student's account to recover grant funds previously credited or (b) a direct repayment from the student for funds disbursed for living and other education-related expenses.

satisfactory academic progress

Regulations require that a student be making satisfactory academic progress to receive Title IV aid. Satisfactory academic progress is a term used to describe a satisfactory rate of course completion. To monitor academic progress, institutions must develop policies which satisfy federal requirements set forth in the General Provisions Regulations of December 1, 1987. The Higher Education Amendments of 1986 prescribe additional specific standards of satisfactory progress that must be met by students who have not received Title IV assistance prior to the 1987-88 award year. The institution must evaluate each student's satisfactory academic progress according to its policies and procedures and document the results of the review.

vocational school

A business or trade school, technical institution, or other technical or vocational school, which may be public, nonprofit, or for profit, in a state, and which (a) admits as regular students only persons who have completed or left elementary or secondary school and who have the ability to benefit from the training offered; (b) is legally authorized, by the state where it offers postsecondary education, to provide a program of postsecondary vocational or technical education; (c) provides a postsecondary educational program that is designed to provide occupational skills more

advanced than those generally offered at the high school level, that prepares students for gainful employment in a recognized occupation, and that is no less than 300 clock hours of supervised training at an institution using clock hours to measure progress or 8 semester or trimester or 12 quarter hours at an institution using credit hours to measure progress. (Correspondence programs must require an average of at least 12 hours of preparation per week over each 12-week period and completion of a program in not less than 6 months.); (d) is accredited by a nationally recognized accrediting agency or association, or is a public postsecondary vocational institution approved by a state agency listed by the Department of Education as a reliable authority on the quality of public postsecondary vocational education in that state; and (e) has been giving postsecondary instruction (and has been legally authorized to give postsecondary instruction) for at least 2 years. Note: A vocational school is eligible for the Stafford Loan, SLS, and PLUS programs only. Note: In the case of a flight school program, the school must maintain current valid certification by the Federal Aviation Administration. (See definition for **postsecondary vocational institution**.)

ACRONYMS

FAT	Financial Aid Transcript.
GED	General Education Development Certificate.
GPA	Grade Point Average.
INS	U.S. Immigration and Naturalization Service.

KEY RESOURCES

1. U.S. Department of Education, Office of Student Financial Assistance, *1988-89 Verification Guide*, Washington, D.C., OSFA/ED, 1988.

2. ———, *Federal Student Financial Aid Handbook*, Washington, D.C., OSFA/ED, 1988.

   Chapter 2 has a section on student eligibility.

The references listed above can be obtained by contacting the publishing organization. For U.S. Department of Education addresses, see the inside back cover or the Support Booklet.

APPENDIX A

SATISFACTORY ACADEMIC PROGRESS--FEDERAL LAW AND GUIDELINES

A school must have a policy that measures satisfactory academic progress. The following examples illustrate policies developed to satisfy the five required elements that must be included in institutional satisfactory academic progress policies according to federal law and regulations. These policies reflect different approaches, based upon your institutional type, with its specific academic programs and standards, and your knowledge of the student population you serve.

1. Qualitative Standards

✦ **Policy Required by Law--"C" Average or Equivalent:** A specific qualitative measure of satisfactory academic progress is required by law *for students who first received Title IV student aid during or after the 1987-88 award year.* The school is required to check the academic progress of such students at the end of each academic year. At the end of their second academic year, such students must have:

- ✧ *either* a "C" grade point average (GPA) or its equivalent
- ✧ *or* an academic standing consistent with the requirements for graduation in their program of study

This new requirement is added to existing regulations--it does not replace them. The institution's academic progress policy must define the terms *equivalent of a "C" average* (if the school does not use standard letter grades) and *academic standing consistent with program graduation requirements.*

Case A: Mary is enrolled in a 4-year B.A. program. After 2 academic years, she has a GPA of 1.75 (on a scale of 0 to 4). The school requires a 2.0 average at graduation, but it uses a *graduated* standard of progress (see *1b* below) which requires only a 1.75 average after 2 years. Although Mary does not have a cumulative "C" average (2.0), her academic standing *is* consistent with the school's graduation requirements.

Case B: John is in the same program as Mary and has a 3.0 average after 2 academic years. However, he has earned only 36 credits, so he does not satisfy the school's *quantitative* regulatory requirements on academic progress (see *2b* below). Therefore, even though he has a "B" average, he is not making satisfactory academic progress.

✦ **Examples of Policies Established by the School:**

Example 1a: A student must maintain a quarterly GPA of 2.0 and a cumulative GPA of 2.0.

Example 1b: A student must have a minimum 1.5 GPA after 30 credits attempted, 1.75 after 60 credits, etc., with a 2.0 required for graduation (a *graduated* standard of progress).

Example 1c: An overall average of 70% is required after 300 clock hours, an 80% average is required for graduation (a *graduated* standard of progress).

2. *Examples of Quantitative Measurement Standards*

Please note that these examples include:
- ❖ maximum time frames
- ❖ incremental review points

✦ Examples of Institutions with Standard Academic Terms:

Example 2a--Proportional Number of Credits:

Maximum Time Frames for B.S. Degree:	*Full-Time* 5 academic years	*Part-Time* 10 academic years

Incremental Review Point--academic year
Academic Year = two semesters plus summer session
Approach--equal number of credits earned

After this number of academic years	1	2	3	4	5	6	7	8	9	10
A *full-time* student must have earned at least this number of credits	24	48	72	96	120					
A *part-time* student must have earned at least this number of credits	12	24	36	48	60	72	84	96	108	120

Example 2b--Alternate Approach--Graduated Number of Credits:

A graduated number of credits earned could be required each academic year with an increase in annual number of required credits as the student nears graduation.

Example 2c--Alternate Approach--Percentage of Attempted Credits:

A.A. Degree = 90 quarter hours
Maximum Number of Attempted Credits Allowed = 120 quarter hours
Incremental Review Point and Requirements--student must have cumulatively earned 75% of all attempted credit hours each quarter.

✦ Example 2d--Institution Using Credit Hours Without Standard Academic Terms:

Maximum Time Frame--4 academic years for 72 credit hour Dental Assistant Program
Incremental Review Point--academic year
Approach--graduated number of credits earned each academic year

After this academic year	1	2	3	4
A student must have earned at least this number of credits	15	33	51	72

✦ **Example 2e--Institution Using Clock Hours:**

Maximum Time Frame--27 months for an 1800 clock-hour Automotive Mechanic Program
Program Contract Completion Rate--25 clock hours per week
Incremental Review Point--every 4.5 months
Approach--equal number of clock hours earned

After this number of months	4.5	9	13.5	18	22.5	27
A student must have completed at least this number of clock hours	300	600	900	1200	1500	1800

3. *Examples of Policies on Course Incompletes, Audits, Withdrawals, Repetitions, and Noncredit Remedial Courses*

Example 3a--Treatment of "F's" and nonpunitive grades: The following will not be considered as credits successfully completed:

"F" grades	"W" withdrawals	"A" audits
"I" incompletes	"U" unofficial withdrawals	

Example 3b--Limit on noncredit remedial courses: A maximum of five noncredit remedial courses will be considered as successful completions unless enrollment in additional noncredit remedial courses is approved by the academic dean.

4. *Optional Waivers for Special Circumstances*

At the end of the second academic year, if a student does not have the legally required "C" average, its equivalent, or academic standing consistent with graduation (see Section 1), he or she cannot receive further Title IV aid. However, the school has the option of *waiving* this requirement and *continuing the student's eligibility* for Title IV aid in the case of:

- ✧ injury to or illness of the student;
- ✧ death of a relative of the student; or
- ✧ undue hardship to the student as a result of other special circumstances.

5. *Examples of Optional Automatic Probation Policies*

Example 5a: All students must earn the minimum number of credit hours required at the end of each academic year. If a student's overall GPA drops below the required 2.0, he or she will be placed on satisfactory academic progress warning for one semester. Failure to increase the overall GPA to a 2.0 by the end of that semester renders the student ineligible for financial aid until his or her GPA has been increased to an overall 2.0 (providing all other satisfactory academic progress requirements are met).

Example 5b: A student whose minimum satisfactory completion rate falls below an average of 120 clock hours per month will be placed on a 1-month probation period during which the

student must complete enough clock hours to raise his or her completion average to 120 clock hours per month. Failure to raise the completion average within that month means a student is no longer considered to be maintaining satisfactory academic progress and is ineligible for financial aid until the student can raise the completion average to the required minimum.

6. Reinstatement Policies Following Termination Due to Lack of Satisfactory Academic Progress

Students who do not have the legally required "C" average, its equivalent, or academic standing consistent with graduation (see Section 1) lose eligibility for Title IV aid. However, they may be reinstated if they achieve academic standing consistent with graduation later in their course of study. Students may be paid for the grading period in which they regain satisfactory academic standing, but not for prior periods in which the student did not yet have satisfactory academic standing.

Example 6a: Any student terminated from receipt of financial aid for failure to maintain satisfactory progress must meet all above-stated minimum overall grade and cumulative credits-earned requirements for his or her academic year level before aid can be reinstated. Withdrawal from school has no effect on the student's satisfactory academic progress status upon reentering.

Example 6b: A student who has not maintained satisfactory academic progress can establish eligibility by successfully completing sufficient credit hours and/or attaining the overall GPA required at the end of the next incremental review point.

APPENDIX B

NONCREDIT AND REDUCED CREDIT REMEDIAL COURSEWORK

A noncredit remedial course is a course of study for which no credit is given toward a certificate or degree and which is designed to increase the ability of the student to pursue a course of study leading to a degree or certificate. In some types of remedial courses, reduced credit may be given. Limits have been placed on the amount of noncredit or reduced credit remedial coursework that may be included in determining enrollment status or cost of attendance.

The following restrictions apply:

- Title IV aid payments to a student are limited to the equivalent of 1 academic year of noncredit or reduced credit remedial work. An academic year's worth of noncredit or reduced credit remedial coursework is equivalent to 30 semester hours, 45 quarter hours, or 900 clock hours. However, there is an exception to the 1-year limitation--courses taken in English as a Second Language (ESL) are not counted against the 1-year limitation and may always be included in the determination of enrollment status or cost of attendance.

- Any noncredit or reduced credit remedial coursework which *leads to a high school diploma* (or its equivalent) *must be excluded* from any determination of enrollment status or cost of attendance for Title IV aid, even if it may be applied to a certificate or degree as well as a high school diploma.

- Any noncredit or reduced credit remedial coursework *must be excluded* from any determination of enrollment status or cost of attendance for Title IV aid if, after 1 year in that course, the educational level of instruction in the course would still be below the level needed to pursue successfully the degree or certificate program.

It is important to distinguish between remedial work required *before admission* to the program and remedial work required *after admission*. For periods of enrollment beginning on or after July 1, 1987, students admitted to an eligible program on the basis of the "ability to benefit," but who are unable to satisfy the institution's admissions testing requirements, must be enrolled in and successfully complete a program of remedial education as prescribed by the institution. This may not exceed 1 year or its equivalent in length. Remember, students must be pursuing a degree or certificate to be considered "regular" students, so that:

- a student who is required to complete noncredit or reduced credit remedial courses *before he or she is accepted for enrollment* in an eligible program is *not* eligible to receive Title IV aid for that period of enrollment.

- a student who has been fully admitted to the degree or certificate program, and needs to complete the remedial work in order to complete the eligible program or to satisfy the *ability to benefit* requirements, *may* receive Title IV aid.

Example 1: Susan Silver has a high school diploma. She has been denied admission to a postsecondary program at Hometown University until she has successfully completed noncredit remedial courses.

Susan cannot receive Title IV aid until she has been admitted to a program. The fact that she has a high school diploma does not change this. Admission to the program is the determining factor here.

Example 2: Martine Daniels has been admitted to an eligible program at Hometown University because she has shown the ability to benefit from it. She does not have a high school diploma, and she is required to take remedial coursework as a part of her program. The remedial courses Martine must take are in another institutional program which leads to a high school diploma. The institution does not require her to obtain a high school diploma, but she must complete several courses offered in that program.

Based on the fact that Martine has been admitted to an eligible program, she is eligible for Title IV aid. However, Martine's Title IV aid cannot pay for any hours taken in the remedial courses. The determining factor here is the remedial courses themselves. Because the coursework carries high school credit but not postsecondary credit, it is considered to be solely secondary school work, and cannot be counted in Martine's enrollment status.

APPENDIX C

ABILITY TO BENEFIT

A regular student generally has a high school diploma or its recognized equivalent. Recognized equivalents may be a General Education Development Certificate (GED) or a similar form of state certification.

However, under some circumstances, students who have the "ability to benefit" from the education or training programs offered at the institution may be admitted as regular students (see Module 5) and are eligible for Title IV funds.

To be eligible for Title IV grant, work, or loan funds, a student admitted to an institution as a regular student on the basis of *ability to benefit* must:

- ✧ be expecting to receive a GED; or
- ✧ pass an aptitude test; or
- ✧ enroll in an appropriate remedial or developmental program, as a result of:
  - failing an aptitude test, or
  - counseling received prior to admission.

✦ **Be Expecting to Receive a GED:** The student must be planning to receive a GED (or the state equivalent) before graduation/certification from his or her program of study *or* before completing the first academic year of the program, *whichever comes first*. To *remain* eligible for Title IV funds, the student must *actually receive* the GED by this deadline.

✦ **Pass an Aptitude Test:** The student must pass a nationally recognized, standardized, or industry-developed test, subject to standards developed by the institution's nationally recognized accrediting agency or association, which measures the student's aptitude to successfully complete the educational program to which the student has applied.

✦ **Enroll in an Appropriate Remedial or Developmental Program:** Students must enroll in this type of program if they did not pass the aptitude test (see above) or if they were counseled before admission. The remedial or developmental program must be prescribed by the institution and may not exceed one academic year in length. Students may remain eligible for Title IV financial aid:

- ✧ while enrolled in the program
- ✧ beyond enrollment in the program only after successfully completing the remedial or developmental program

An institution which admits students under the *ability to benefit* provision must keep records to document the ability to benefit of each student admitted under this standard, whether or not the student receives Title IV funds. Such records must be retained for at least 5 years.

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